

IDAHO BARLEY NEWSBRIEF

Inside this issue:

Barley marketing efforts
in Asia & Latin America
IBC holds referendum
Market Buzz – Taiwan
and Japanese markets
IGPA talks priorities
With Governor Otter

IBC holds pro- ducer vote on fu- ture assessment -

The Idaho State Department of Agriculture conducted a statewide barley producer referendum on November 3-13, 2009 on behalf of the Idaho Barley Commission. The question posed was ***whether producers were in favor of giving the IBC board authority to establish a flexible barley check-off rate not to exceed 1.9 cents per bushel (4 cents per hundredweight).***

According to ISDA, the total number of valid votes received was 491, with 53% voting in favor and 47% against. The total response rate to this referendum was 27%.

Promoting Idaho barley beyond our borders

In the past month, the IBC helped sponsor several market development efforts targeted at existing and potential international customers for malting, food and feed barley. These included the annual US Barley Mission to Japan held Oct. 31– Nov. 7, which included a stop in Taiwan this year; and a Latin American Malt & Malting Barley Buyers Conference held Nov. 18-20 in the Dominican Republic.

Japan continues to be the largest customer for U.S. feed barley, and recently has been importing U.S. food barley, including some under direct contract with PNW Cooperative based in Genesee, Idaho. Sales to Japan are expected to be much lower this year due to larger volumes and more competitive pricing from Australia and the Ukraine. There is more on this mission on page 2.

Latin American Malt & Malting Barley Conference -

southcentral Idaho commissioner Ron Elkin participated in the second Latin American buyers conference held in the Dominican Republic last week. More than 10 different brewing companies from throughout Latin America attended this regional conference.

The IBC has targeted this region of the world because demand for malting barley has been growing at a faster pace in many of these markets than in our own domestic market, and in some cases, we enjoy a freight advantage over our competitors. One-on-one meetings were held with our Mexican customers (both Grupo Modelo and FEMSA) and potential customers in Colombia and Jamaica. In addition, Great Western Malting Co. ships malt made from Idaho barley to many of these expanding Latin American markets.



Market Buzz...Promoting U.S. barley in Asia

by Kim Karst, international operations manager for the US Grains Council

The U.S. Grains Council's annual **Asian Barley Mission** offered U.S. participants, including IBC member Dan Mader, the opportunity to travel to Taiwan and Japan to identify opportunities for increasing U.S. food and feed barley exports.

While in Taiwan, team members met with USGC staff, food barley importers and representatives from China Grain Products Research and Development Institute (CGPRDI) and the Taiwan Barley Products Industry Association. These meetings provided an excellent opportunity for the exchange of information about food barley and the heart healthy claim. Mary Sullivan, Washington Grain Commission and National Barley Foods Council, presented information on the foods currently sold in the United States that are using barley as a main ingredient as well as the variety of ways that the heart healthy barley claim is being marketed. Mission participants were then able to see a number of food products that are being developed in Taiwan using barley and wheat blended flour. This promotional program, which is a joint effort between the U.S. Grains Council and U.S. Wheat Associates, will increase demand for barley and wheat in Taiwan. While the Taiwan market remains extremely price sensitive, the Council will continue to educate potential customers about the value of the higher beta-glucan barley varieties that can be used in their food production. C.M. Lynn, USGC senior advisor in Taiwan, predicted the Taiwan food barley market has a minimum potential of 350,000 metric tons (16 million bushels).

After a short stop in Taiwan, the mission participants traveled to Japan where they met with government representatives, end-users, grain traders and processors to learn about Japan's requirements as well as to provide updates on the 2009 production, supply and quality of U.S. barley. Japan is the largest export market for U.S. barley, but 2009 has been a difficult year for barley exports. Japanese industry, government and trade were pleased with the quality of U.S. barley but it has not been price competitive for them to import. "We had good discussions with the traders and customers of U.S. barley," noted Dan Mader, Idaho Barley Commission. "We specifically asked the Ministry of Agriculture, Forestry and Fisheries (MAFF) to improve the cost schedule for importing barley, to help us become more competitive with other alternative feed ingredients." The Simultaneous Buy and Sell system has allowed processors and end-users to communicate and negotiate import needs, price, quality and contract specifications directly with government sanctioned grain trade companies, but the fees imposed by MAFF make barley less competitive than other feed grains, especially when they are shipped by container.

Price is a concern for potential barley importers, however, the focus of discussions in Japan revolved around the primary issue of decreasing barley acreage in the U.S. and the need for the livestock industry in Japan to have a consistent and reliable supplier of barley. Producers noted that in 2009 acreage was down, yet the reduction in acreage was partially offset by the exceptional yields in most areas.

Food and feed barley promotion in both Japan and Taiwan will continue to be vital as customers require further education about the value of barley as both a food and feed ingredient.

IGPA Talks Priorities with Governor Otter

IGPA executive officers and wheat and barley commission representatives met with Governor Butch "C.L." Otter in Boise on November 18 to discuss top priorities for Idaho's wheat and barley farmers. Topics included a review of the statewide field burning program, highway transportation funding, and the critical funding needs for University of Idaho Agriculture Research and Extension programs.



According to the Idaho Department of Environmental Quality (DEQ), the fall 2008 reinstatement of crop residue burning has yielded to date approximately 48,000 acres burned statewide. Southern Idaho growers are slowly, but surely, adjusting to the new program and the IGPA requested Gov. Otter's support in maintaining the program.

Transportation funding is still a hot-button issue very much at the top of Gov. Otter's legislative agenda moving into the 2010 state legislative session. The IGPA expressed support for Gov. Otter's push to increase state transportation funding, but requested that any new fees or taxes be equitable and transparent for industries like grain whose truck miles are limited and seasonal.

The IGPA and commissions emphasized to the Governor their concern over the detrimental effects of recent funding holdbacks and budget rescissions to the University of Idaho R&E system. State budgetary losses have translated to over \$5 million in cuts since 2008 to the University's R&E programs statewide. Idaho's wheat and barley commissioners relayed to the Governor the importance of state funding of public research as crucial to keeping grower input costs in check while increasing the competitiveness of Idaho's wheat and barley industries.

